

# State of California

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## Legislative Change No.

**99-3**

Bill Number: AB 10

Author: Correa

Chapter Number: 99-64

Laws Affecting Franchise Tax Board:

Revenue and Taxation Code Sections 23153 and 23221

Date Filed with the Secretary of the State: July 6, 1999

**SUBJECT:** Minimum Tax/Exempts 2<sup>nd</sup> Taxable Year & Reduces Prepaid Tax To Zero  
1/1/2000

**Assembly Bill 10 (Correa), as enacted on July 6, 1999, made the following changes to California law:**

Section 23153 of the Revenue and Taxation Code is amended.

This act exempts every corporation that incorporates or qualifies to do business on or after January 1, 2000, from the minimum franchise tax for its first and second taxable years.

This act does not apply to any corporation that reorganizes solely for the purpose of avoiding payment of its minimum franchise tax.

This act does not apply to limited partnerships, limited liability companies, limited liability partnerships, charitable organizations, regulated investment companies, real estate investment trusts, real estate mortgage investment conduits, financial asset securitization investment trusts, and qualified Subchapter S subsidiaries.

Section 23221 of the Revenue and Taxation Code is amended and repealed.

This act exempts every corporation that incorporates or qualifies to do business in California on or after January 1, 2000, and before January 1, 2001, from the prepayment of minimum franchise tax to the Secretary of State. This act specifies that credit unions shall continue to prepay a tax of \$25.

This section, as amended, is then repealed on January 1, 2001.

Section 23221 is added to the Revenue and Taxation Code.

This act recodifies existing law that any credit union which incorporates or qualifies to do business in California must prepay a tax of \$25 to the Secretary of State. The Secretary of State shall transmit the amount of the prepayment to the Franchise Tax Board. The department shall certify in return on an individual or class basis those domestic or foreign corporations that are exempt from prepayment or for which prepayment is waived.

This section is operative on January 1, 2001.

Bureau Director

Johnnie Lou Rosas

Date

07/21/1999

This act is effective upon enactment and is operative for corporations that incorporate on or after January 1, 2000.

This act will not require any reports by the department to the Legislature.